



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
County Manager



DATE: December 2, 2011
BOARD MEETING DATE: December 13, 2011
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: John L. Maltbie, Acting County Manager
SUBJECT: Agreement with Hinderliter, de Llamas & Associates

RECOMMENDATION:

Adopt a Resolution authorizing the:

- A) President of the Board to execute an Agreement with Hinderliter, de Llamas & Associates to provide sales tax analysis, recovery and consulting services for a three year term beginning January 1, 2012 through December 31, 2014 and a total not-to-exceed amount of \$500,000; and
- B) County Manager to execute subsequent amendments and minor modifications not to exceed \$25,000 in the aggregate and to make minor changes in the type of services and activities provided under the Agreement.

BACKGROUND:

Each year thousands of sales and use tax dollars are distributed incorrectly to other taxing agencies. Common errors that occur are sales taxes from businesses in and around San Francisco International Airport being allocated to the City and County of San Francisco or sales taxes from business in unincorporated pockets of the County being allocated to the surrounding cities. Over the past seventeen years the County has contracted with Hinderliter, de Llamas & Associates (HdL) to conduct ongoing sales tax audits in order to identify and correct "point-of-sale" distribution errors and thereby generate previously unrealized sales tax income for the County. The amount of sales and use tax dollars recovered by HdL for the three calendar years 2008 through 2010 averaged \$870,000 annually. Under the current agreement, HdL has been paid 15% commission on all new sales and/or use tax revenue received by the County as a result of their audit and recovery work. Fees apply to State fund transfers received for back quarter reallocations and monies received for the first eight consecutive reporting quarters following completion of the audit by Contractor.

In addition to the sales tax allocation audit and recovery services, HdL has maintained two sales and use tax databases, providing the County with sales tax and economic

analysis, including periodic reports on major sales tax producers; sales tax receipts for each business category; changes in sales by major outlets and category; analysis of sales tax activity by area; and benchmark comparisons with the state and other counties. There are no additional charges for reports, analytics and consultation services.

The current contract with HdL is set to expire on December 31, 2011.

DISCUSSION:

On September 30, 2011, the County Manager’s Office issued a Request for Proposals (RFP) for these services. There were two vendors that responded to the RFP: HdL and MuniServices. Combined, these two firms perform almost all sales tax audit and recovery services provided to local government agencies in the State of California. The MuniServices proposal was the lower cost option as they would charge for six quarters forward instead of eight, which represents an estimated savings of \$10,000 per year. Notwithstanding this price difference, the Evaluation Team based its selection of HdL on the strength of their overall proposal and HdL’s superior reporting, analytics and consultation services. In terms of breadth and quality of services provided, the two firms appeared virtually equal in every other aspect, including revenue generation.

The new Agreement will be for the three year term beginning January 1, 2012 through December 31, 2014, with an option to renew for two additional years. The maximum amount of the Agreement for the three year term is \$500,000.

The Agreement includes all provisions that are required by County Ordinance Code and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination, equal benefits and jury service policy. County Counsel has reviewed and approved this Agreement and Resolution as to form and content.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Collaborative Community by maximizing sales and use tax revenues and ensuring that sound practices are used to project sales and use taxes for budgeting purposes. Sales and use tax revenue is a significant general purpose funding source that can be used at the Board’s discretion to provide services that achieve the County’s vision.

Performance Measure(s):

Measure	2008 Actual	2009 Actual	2010 Actual
Sales and Use Tax Recoveries	\$1,010,530	\$809,636	\$790,803

FISCAL IMPACT:

Compensation under this Agreement is contingent upon HdL’s success in recovering sales and use tax revenues for the County. The more HdL recovers, the more they are compensated up to a maximum of \$500,000. There are sufficient funds appropriated in Non-Departmental Services in the current fiscal year to fund the new Agreement through June 2012. Sufficient funds will be appropriated in future budgets.

Exhibit A
Request for Proposal Matrix

1.	General description of RFP	Sales Tax Audit, Recovery and Consulting Services
2.	List key evaluation criteria	<ul style="list-style-type: none"> - Completeness of response - Implementation plan and schedule - Understanding of the project - Financial stability - Relevant experience - Compensation - References - Overall proposal - Oral presentation and interview - Local preference
3.	Where advertised	San Mateo County Website
4.	In addition to any advertisement, list others to whom the RFP announcement was sent	Hinderliter, de Llamas & Associates MuniServices
5.	Total number of RFP's sent to prospective proposers	Two
6.	Number of proposals received	Two
7.	Who evaluated the proposals	Sandie Arnott, Treasurer-Tax Collector Mary McMillan, Deputy County Manager Steve Alms, Real Property Manager Danielle Lee, Management Analyst Jim Saco, Budget Director
8.	In alphabetical order, names of proposers (or finalists, if applicable) and location	Hinderliter, de Llamas & Associates 1340 Valley Vista Drive, Ste. 200 Diamond Bar, CA 91765 MuniServices, LLC 7335 N. Palm Bluffs Avenue Fresno, CA 93711

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING THE: (A) PRESIDENT OF THE BOARD TO EXECUTE AN AGREEMENT WITH HINDERLITER, DE LLAMAS & ASSOCIATES TO PROVIDE SALES TAX ANALYSIS, RECOVERY AND CONSULTING SERVICES FOR THE THREE YEAR TERM JANUARY 1, 2012 THROUGH DECEMBER 31, 2014 AND A TOTAL NOT-TO-EXCEED AMOUNT OF \$500,000; AND (B) COUNTY MANAGER TO EXECUTE SUBSEQUENT AMENDMENTS AND MINOR MODIFICATIONS NOT TO EXCEED \$25,000 IN THE AGGREGATE AND TO MAKE MINOR CHANGES IN THE TYPE OF SERVICES AND ACTIVITIES PROVIDED UNDER THE AGREEMENT

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, the best interests of the County of San Mateo would be served by contracting for Sales Tax Audit, Recovery and Consulting services to maximize sales and use tax revenues;

WHEREAS, the County recently completed a competitive Request for Proposals process and selected Hinderliter, de Llamas & Associates to provide such services;

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance an Agreement with Hinderliter, de Llamas & Associates, for the three year term January 1, 2012 through December 31, 2014 for a total not-to-exceed amount of \$500,000, with an option to extend said Agreement for an additional two years; and

WHEREAS, this Board has been presented with the Agreement and has examined and approved it as to both form and content and desires to enter into the Agreement;

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the President of this Board of Supervisors be, and is hereby, authorized and directed to execute said Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto;

BE IT FURTHER RESOLVED that the County Manager is authorized to execute subsequent amendments and minor modifications not to exceed \$25,000 in aggregate and to make minor changes in the type of services and activities provided under the Agreement.

* * * * *

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND
HINDERLITER, DE LLAMAS & ASSOCIATES**

THIS AGREEMENT, entered into this _____ day of _____, 2011, by
and between the COUNTY OF SAN MATEO, hereinafter called "County," and Hinderliter,
de Llamas & Associates, hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Government Code, Section 31000, County may contract
with independent contractors for the furnishing of such services to or for County or any
Department thereof;

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose
of sales tax audit, recovery and consulting services.

**NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO
AS FOLLOWS:**

1. Exhibits and Attachments

The following exhibits and attachments are included hereto and incorporated by reference
herein:

Exhibit A—Services

Exhibit B—Payments and rates

Attachment I—§504 Compliance

2. Services to be performed by Contractor

In consideration of the payments set forth herein and in Exhibit "B," Contractor shall
perform services for County in accordance with the terms, conditions and specifications set
forth herein and in Exhibit "A."

3. Payments

In consideration of the services provided by Contractor in accordance with all terms,
conditions and specifications set forth herein and in Exhibit "A," County shall make payment
to Contractor based on the rates and in the manner specified in Exhibit "B." The County
reserves the right to withhold payment if the County determines that the quantity or quality
of the work performed is unacceptable. In no event shall the County's total fiscal obligation
under this Agreement exceed five hundred thousand dollars, (\$500,000) for the three year
term.

4. Term and Termination

Subject to compliance with all terms and conditions, the term of this Agreement shall be from January 1, 2012 through December 31, 2014. The County has the option to extend this Agreement an additional two (2) years, through December 31, 2016 upon written notification to Contractor.

This Agreement may be terminated by Contractor, the County Manager or his/her designee at any time without a requirement of good cause upon thirty (30) days' written notice to the other party.

In the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and materials (hereafter referred to as materials) prepared by Contractor under this Agreement shall become the property of the County and shall be promptly delivered to the County. Upon termination, the Contractor may make and retain a copy of such materials. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that portion of the full payment which is determined by comparing the work/services completed to the work/services required by the Agreement.

5. Availability of Funds

The County may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon unavailability of Federal, State, or County funds, by providing written notice to Contractor as soon as is reasonably possible after the County learns of said unavailability of outside funding.

6. Relationship of Parties

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent Contractor and not as an employee of the County and that Contractor acquires none of the rights, privileges, powers, or advantages of County employees.

7. Hold Harmless

Contractor shall indemnify and save harmless County, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description, brought for, or on account of: (A) injuries to or death of any person, including Contractor, or (B) damage to any property of any kind whatsoever and to whomsoever belonging, (C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, or (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County, its officers, agents, employees, or servants, resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

8. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion thereof to a third party or subcontract with a third party to provide services required by contractor under this Agreement without the prior written consent of County. Any such assignment or subcontract without the County's prior written consent shall give County the right to automatically and immediately terminate this Agreement.

9. Insurance

The Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this paragraph has been obtained and such insurance has been approved by Risk Management, and Contractor shall use diligence to obtain such insurance and to obtain such approval. The Contractor shall furnish the County with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending the Contractor's coverage to include the contractual liability assumed by the Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to the County of any pending change in the limits of liability or of any cancellation or modification of the policy.

(1) **Worker's Compensation and Employer's Liability Insurance** The Contractor shall have in effect during the entire life of this Agreement Workers' Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, the Contractor certifies, as required by Section 1861 of the California Labor Code, that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement.

(2) **Liability Insurance** The Contractor shall take out and maintain during the life of this Agreement such Bodily Injury Liability and Property Damage Liability Insurance as shall protect him/her while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from contractors operations under this Agreement, whether such operations be by himself/herself or by any sub-contractor or by anyone directly or indirectly employed by either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall be not less than the amount specified below.

Such insurance shall include:

- | | |
|---|-------------|
| (a) Comprehensive General Liability | \$1,000,000 |
| (b) Motor Vehicle Liability Insurance | \$1,000,000 |
| (c) Professional Liability | \$1,000,000 |

County and its officers, agents, employees and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that the insurance afforded thereby to the County, its officers, agents, employees and servants shall be primary insurance to the full limits of liability of the policy, and that if the County or its officers and employees have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, the County of San Mateo at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

10. Compliance with laws; payment of Permits/Licenses

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, including, but not limited to, Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended, and the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended and attached hereto and incorporated by reference herein as Attachment "I," which prohibits discrimination on the basis of handicap in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. Further, Contractor certifies that the Contractor and all of its subcontractors will adhere to all applicable provisions of Chapter 4.106 of the San Mateo County Ordinance Code, which regulates the use of disposable food service ware.

In the event of a conflict between the terms of this agreement and State, Federal, County, or municipal law or regulations, the requirements of the applicable law will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

11. Non-Discrimination and Other Requirements

A. *Section 504 applies only to Contractor who are providing services to members of the public.* Contractor shall comply with § 504 of the Rehabilitation Act of 1973, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this Agreement.

- B. *General non-discrimination.* No person shall, on the grounds of race, color, religion, ancestry, gender, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or subject to discrimination under this Agreement.
- C. *Equal employment opportunity.* Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to County of San Mateo upon request.
- D. *Violation of Non-discrimination provisions.* Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Manager, including but not limited to
 - i) termination of this Agreement;
 - ii) disqualification of the Contractor from bidding on or being awarded a County contract for a period of up to 3 years;
 - iii) liquidated damages of \$2,500 per violation;
 - iv) imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this section, the County Manager shall have the authority to examine Contractor's employment records with respect to compliance with this paragraph and/or to set off all or any portion of the amount described in this paragraph against amounts due to Contractor under the Contract or any other Contract between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of their response to the Complaint when filed.

- E. *Compliance with Equal Benefits Ordinance.* With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.
- F. The Contractor shall comply fully with the non-discrimination requirements required by 41 CFR 60-741.5(a), which is incorporated herein as if fully set forth.

12. Compliance with Contractor Employee Jury Service Ordinance

Contractor shall comply with the County Ordinance with respect to provision of jury duty pay to employees and have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service in San Mateo County. The policy may provide that employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the employees' regular pay the fees received for jury service.

13. Retention of Records, Right to Monitor and Audit

(a) CONTRACTOR shall maintain all required records for three (3) years after the COUNTY makes final payment and all other pending matters are closed, and shall be subject to the examination and/or audit of the County, a Federal grantor agency, and the State of California.

(b) Reporting and Record Keeping: CONTRACTOR shall comply with all program and fiscal reporting requirements set forth by appropriate Federal, State and local agencies, and as required by the COUNTY.

(c) CONTRACTOR agrees to provide to COUNTY, to any Federal or State department having monitoring or review authority, to COUNTY's authorized representatives, and/or their appropriate audit agencies upon reasonable notice, access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules and regulations, and this Agreement, and to evaluate the quality, appropriateness and timeliness of services performed.

14. Merger Clause

This Agreement, including the Exhibits attached hereto and incorporated herein by reference, constitutes the sole Agreement of the parties hereto and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement or specification set forth in this body of the agreement conflicts with or is inconsistent with any term, condition, provision, requirement or specification in any exhibit and/or attachment to this agreement, the provisions of this body of the agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

15. Controlling Law and Venue

The validity of this Agreement and of its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation, and performance of this Agreement shall be governed by the laws of the State of California. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or the United States District Court for the Northern District of California.

16. Notices

Any notice, request, demand, or other communication required or permitted hereunder shall be deemed to be properly given when both (1) transmitted via facsimile to the telephone number listed below and (2) either deposited in the United States mail,

postage prepaid, or when deposited for overnight delivery with an established overnight courier that provides a tracking number showing confirmation of receipt for transmittal, charges prepaid, addressed to:

In the case of County, to: County of San Mateo
County Manager's Office
400 County Center, 1st Floor
Redwood City, CA 94063
Fax: (650) 556-1751

In the case of Contractor, to: Hinderliter, de Llamas & Associates
1340 Valley Vista Drive, Ste. 200
Diamond Bar, CA 91765
Fax: (909) 861-7726

In the event that the facsimile transmission is not possible, notice shall be given both by United States mail and an overnight courier as outlined above.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO


By: _____
President, Board of Supervisors, San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

Hinderliter, de Llamas & Associates


Contractor's Signature

Date: NOVEMBER 29, 2011

EXHIBIT "A"
AGREEMENT BETWEEN COUNTY OF SAN MATEO
AND HINDERLITER, DE LLAMAS & ASSOCIATES

In consideration of the payments set forth in Exhibit "B", Contractor shall provide the following services:

A. Sales Tax and Economic Analysis

1. Contractor shall establish a special database that identifies the name, address and quarterly allocations of the major sales tax producers within the County for the most current quarters from the date of this agreement. Major sales tax producers are defined as those businesses meeting a quarterly revenue threshold determined by County. Since 100% of the business outlets registered with the Board of Equalization are tracked monthly, this major producers database is designed to highlight the activities of major businesses. A second database covering the same period will be established showing total sales tax receipts for each business category identified by the Board of Equalization. These databases will be utilized to generate special reports to the County on: major sales tax producers by rank and category, analysis of sales tax activity by category and business districts or redevelopment areas specified by County, analysis of reporting aberrations, and per capita and outlet comparisons with statewide sales.
2. Contractor shall provide updated reports each quarter identifying changes in sales by major outlets and by category; area growth and decline comparisons; and current graphics, tables, and top 100 listings. Quarterly aberrations due to State audits, fund transfers, and receivables along with late or double payments will be identified.
3. Contractor shall provide annual reports for the County identifying historical growth comparisons with state, county, selected county averages and C.P.I. indices; top producer listings, and make up the volatility of the economic base. Annual reconciliation worksheets to assist Finance Officers with budget forecasting will also be provided.
4. Contractor shall make available to County staff the Contractor's computer program and database containing seller's permit information for all in-county business outlets registered with the Board of Equalization. In addition, contractor shall process for County the monthly registration and allocation files provided by the Board in magnetic media. Printouts of registration changes and dollars allocated by business name and number will be provided from these files on a monthly basis.

B. Allocation Audit and Recovery

1. Contractor shall conduct ongoing sales tax audits in order to identify and correct "point-of-sale" distribution errors and thereby generate previously unrealized sales tax income for the County. Common errors that will be monitored and corrected include: transposition errors resulting in misallocations; erroneous consolidation of multiple outlets; misreporting of "point of sale" from the wrong location; delays in reporting new outlets; misidentifying transactions as a "use tax" rather than a "sales tax." And erroneous fund transfers and adjustments.
2. Contractor will initiate contracts with the appropriate sales management and accounting officials in companies that have businesses, where a probability of error exists to verify whether current tax receipts accurately reflect the local sales activity. Such contracts will be conducted in a manner to encourage local business retention and expansion.
3. Contractor shall prepare and submit to the Board of Equalization all information necessary; to correct any allocation errors that are identified and shall follow-up with the individual businesses and the State Board of Equalization to ensure that all back quarter payments due the County are recovered.

C. Ongoing Consultation

1. Contractor shall work with the County on questions related to tenant mix alternatives for maximum sales tax returns; provide sales tax projections on specific projects for County budget purposes; and provide sample reports, letters and programs to enhance the sales tax base through improved economic development efforts.

EXHIBIT "B"
AGREEMENT BETWEEN COUNTY OF SAN MATEO
AND HINDERLITER, DE LLAMAS & ASSOCIATES

In consideration of the services provided by Contractor in Exhibit "A", County shall pay Contractor based on the following fee schedule:

- A. Subject to the \$500,000 limitation set forth in Paragraph 3 of the Agreement, Contractor shall be paid 15% of all new sales and/or use tax revenue received by the County as a direct result of audit and recovery work performed by Contractor (hereafter referred to as "audit fees"). New sales and/or use tax revenue shall not include any amounts determined by County or Contractor to be increment attributable to causes other than Contractor's work pursuant to this agreement. In the event that Contractor is responsible for an increase in the tax reported by businesses already properly making tax payments to the County, it shall be Contractor's responsibility to separate and support the incremental amount attributable to its efforts prior to the application of the audit fee. Said audit fees will apply to State fund transfers received for back quarter reallocations and monies received for the first eight consecutive reporting quarters following completion of the audit by Contractor, and confirmation of corrections by the State Board of Equalization. Contractor shall provide County with an itemized quarterly invoice showing all formula calculations and amounts due for audit fees.

Contractor shall obtain County approval prior to beginning the work of correcting tax reporting methodology or "point of sale" for specific businesses where said payment of the percentage fee will be expected. Said approval shall be accomplished by the County Manager or his designated representative on the Sales Tax Audit Authorization form. County shall pay audit fees upon Contractor's submittal of evidence of State fund transfers and payments to County from businesses identified in the audit and approved by the County.

The above sum shall constitute full reimbursement to Contractor and covers all direct and indirect costs incurred by the Contractor under the agreement, including: salaries of Contractor's employees; travel expenses connected with contacting local and out-of-state businesses and Board of Equalization representatives; quarterly reports; software; and optional monitoring of the County's various transaction taxes.

ATTACHMENT

Assurance of Compliance with Section 504 of the Rehabilitation Act of 1973, as Amended

The undersigned (hereinafter called the "Contractor(s)") hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended, all requirements imposed by the applicable DHHS regulation, and all guidelines and interpretations issued pursuant thereto.

The Contractor(s) gives/give this assurance in consideration of for the purpose of obtaining contracts after the date of this assurance. The Contractor(s) recognizes/recognize and agrees/agree that contracts will be extended in reliance on the representations and agreements made in this assurance. This assurance is binding on the Contractor(s), its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Contractor(s).

The Contractor(s): (Check a or b)

- a. Employs fewer than 15 persons.
- b. Employs 15 or more persons and, pursuant to section 84.7 (a) of the regulation (45 C.F.R. 84.7 (a), has designated the following person(s) to coordinate its efforts to comply with the DHHS regulation.

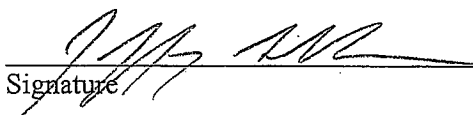
Jeffrey Schmehr
Name of 504 Person - Type or Print

Hinderliter, de Llamas & Associates
Name of Contractor(s) - Type or Print

1340 Valley Vista Drive, Suite 200
Street Address or P.O. Box

Diamond Bar, CA 91765
City, State, Zip Code

I certify that the above information is complete and correct to the best of my knowledge.


Signature

Chief Financial Officer
Title of Authorized Official

11/29/2011
Date

*Exception: DHHS regulations state that:

"If a recipient with fewer than 15 employees finds that, after consultation with a disabled person seeking its services, there is no method of complying with (the facility accessibility regulations) other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to other providers of those services that are accessible."